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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 8450
RUEHUL/AMEMBASSY SEOUL PRIORITY 7778
RUEHFK/AMCONSUL FUKUOKA PRIORITY 6134
RUEHNH/AMCONSUL NAHA PRIORITY 8521
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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 000416

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SUBJECT: CLIMATE CHANGE: JAPAN REMAINS SUPPORTIVE OF U.S.
APPROACHES

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Classified By: EMIN Robert F. Cekuta for reasons 1.4 b, d.

11. (C) Summary: U.S. ideas on a future climate framework and our plan for negotiations in 2008 enjoy broad support within the Japanese government, GOJ officials told U.S. Senior Climate Negotiator Harlan Watson the week of February 11-15. Successfully bringing China into an agreement is still seen as a major obstacle, however, by all the senior officials Dr. Watson met from the Ministry of Foreign Affairs (MOFA), Ministry of Economy, Trade and Industry (METI), and Ministry of Environment (MOE). The momentum in the GOJ is to continue supporting U.S. priorities and the U.S.-led Major Economies Process (MEP) all the way through the various G8-linked meetings. However, some in the GOJ are still skeptical, and we will need to continue engaging GOJ counterparts. End summary.

MOFA: Supports U.S. Approach

12. (C) At dinner with Dr. Watson on February 11, MOFA Global Affairs Director-General Koji Tsuruoka spoke emphatically about the need to bring emerging economies into a post-2012 climate framework. Tsuruoka pointed out that after World War II, Japan was granting overseas development assistance within eleven years, but fifty years later the same country that received the first yen loan in 1956 (India) is still Japan's number one recipient of ODA. If emerging countries will not consider themselves developed enough to accept climate commitments now, he asked, when will they ever? "The world has changed," he said, and must get past the developed-vs.-developing paradigm embodied by the Kyoto Protocol's Annex I/Annex II division. Korea joined the OECD twelve years ago but still argues it should not be Annex I (i.e., adopt commitments). "It's quite amazing," Tsuruoka

complained.

13. (C) Nevertheless, it will be challenging to make this case to the public in 2008, Tsuruoka admitted. In 2007, President Bush's announcement of the Major Economies Process brought the U.S. back into international negotiations, Tsuruoka said, and forced Europe to engage the U.S. Japan is optimistic that the U.S. would be "flexible" in climate talks as long as the U.S. economy continued to grow. But questions about this willingness have arisen here as the subprime crisis has developed.

Opposition Diet Member's View of Japanese Public Sentiment

14. (C) Tetsuro Fukuyama, DPJ Diet member who also attended the dinner, shared his view of where Japan's public stands on climate. (Note: Fukuyama is Deputy Chair of the Policy Research Committee in the House of Councilors and is known for advocacy on climate issues. He vocally opposed the U.S. decision not to ratify Kyoto. End note.) Fukuyama said the Japanese public feel "they are not contributing to the world" right now because Japan's greenhouse gas emissions are growing. He said while Japanese industry made great strides in energy efficiency between 1975 and 1990, further gains have been less impressive because the economic downturn of the 1990s precluded further investment in energy efficiency R&D. So as other developed countries have caught up to Japan in efficiency, Japan's public is willing to consider more drastic climate measures like cap-and-trade schemes or a carbon tax. He said the public does not understand the complexities of the issue, but politicians have to pay attention to how they feel when a major incident comes along such as the flooding following Hurricane Katrina.

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METI: Great, But How Do We Bring China on Board?

15. (C) The METI Vice Minister Masakazu Toyoda praised the sectoral approach the U.S. has promoted so well in the Asia-Pacific Partnership, but wondered in his Feb. 13 meeting with Dr. Watson how we could lure China away from cap-and-trade. After all, he said, while Japanese business complains about the costs of buying credits under the Kyoto Protocol's Clean Development Mechanism (CDM), China and the rest of the G77 are "turning it (the CDM) into business" and finding it very profitable. Dr. Watson explained that we have cause for optimism where China is concerned: it has already embraced the sectoral approach in its own domestic emissions reduction plan and signed on -- albeit reluctantly -- to an endorsement of the approach at the APEC meeting in Sydney.

16. (C) Toyoda also wondered aloud how governments will implement the sectoral approach. Cap-and-trade is supposed to be an inherently free market idea, he said, but the EU's auction system for carbon permits excuses the most energy-inefficient sectors with "very loose caps." This situation is "very artificial government intervention," Toyoda said, and "I am very much scared by this." Dr. Watson agreed, emphasizing that an economy-wide cap-and-trade system makes it impossible to get the cleanest technology into the sectors it needs to be in, because it creates an incentive to pursue the cheapest emissions reductions possible.

MOE: Also Skeptical on China

17. (C) Dr. Watson met Feb. 13 with MOE Vice Minister Toshiro Kojima who, more skeptically, questioned how U.S. efforts could bring in China. China is "hard" to convince to take on commitments, Kojima said. He recalled a speech Australian PM Rudd gave in Bali, calling (Kojima claimed) for China to take on a "legal, binding target" post-2012. Will the U.S.

negotiate "next year" to encourage China to take on targets, he asked? Dr. Watson explained that we are trying to get a positive statement from all the Major Economies Process leaders in 2008, ideally before the G8 Summit this July. Kojima said vaguely that he still wanted to know more about the "character" of the MEP and remarked "we (MOE) are now reviewing" the measures (i.e., cap-and-trade bills) being put forth by members of Congress.

G8 Meetings Won't Conflict with Major Economies

18. (C) Kojima sought to allay U.S. worries that the MEP could be undermined by the G8-linked Gleneagles Dialogue climate change meeting March 14-16 in Chiba and the G8 Environmental Ministerial May 24-26 in Kobe. The GOJ climate negotiator Kunihiro Shimada, also at the meeting, told Dr. Watson he understood U.S. concerns, namely that assembling the G20 major emitters in Chiba might duplicate MEP discussions and that the Environment Ministerial's heavy emphasis on climate change could produce an outcome hard to coordinate with the MEP. Shimada said the Gleneagles meeting simply has to address the three pillars of that ongoing dialogue (financing, technology, and a post-2012 agreement) in some way. The Ministerial will probably not produce a negotiated statement because that would preempt the June UNFCCC meeting in Bonn. Discussion papers are still being drafted and will be out in a month or so. Tsuruoka confirmed Japan expects to host a MEP side session in Chiba immediately before the Gleneagles meeting and a possible leaders' meeting around the Summit itself.

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19. (C) Comment -- Questions arose in the meetings about possible changes in the U.S. views over the longer term. Kojima openly expressed interest in Congressional proposals for climate measures the USG does not support and Special Advisor to the Cabinet on Climate Change Nishimura said outright that he supports internationally-linked cap-and-trade schemes at a Tokyo symposium on climate change February 12. Still, the GOJ supports U.S. positions on climate. The MOE, for example, has taken our concerns on board about the upcoming climate-related meetings it is organizing. It will be important, however, to remain engaged with Japanese climate negotiators and to be ready with a firm statement of our redlines, if necessary, to keep the momentum we have generated on track. End comment.

110. (U) Dr. Watson cleared this message before his departure.
SCHIEFFER